

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

---

**In re:**

**EPIC COMPANIES, LLC,**

**Debtors.<sup>1</sup>**

---

§

§ **Chapter 11**

§

§ **Case No. 19-34752 (DRJ)**

§

§ **(Jointly Administered)**

§

---

**COVER SHEET AND NOTES FOR DEBTORS' CONSOLIDATED MONTHLY  
OPERATING REPORT FOR THE PERIOD OF AUGUST 26, 2019 TO  
SEPTEMBER 30, 2019**

---

**General Notes**

The financial information included herein, including supplemental information, is preliminary, unaudited, and may not comply in all respects with generally accepted accounting principles of the United States of America ("U.S. GAAP"). For presentation purposes, the information is presented on a consolidated basis under debtor Epic Companies, LLC, Case No. 19-34752 and include the information for related debtors Epic Alabama Steel, LLC, Case No. 19-34753; Epic Applied Technologies, LLC, Case No. 19-34754; Epic Diving & Marine Services, LLC, Case No. 19-34755; Epic San Francisco Shipyard, LLC, Case No. 19-34756; Epic Specialty Services, LLC, Case No. 19-34757; and Zuma Rock Energy Services, LLC, Case No. 19-34758. All receipts and disbursement activity occurred and is reported by debtor Epic Companies, LLC.

The cash transactions reported herein have been derived and reported as stated in the Debtors' books and bank accounts for the period of August 26, 2019 to September 30, 2019. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. GAAP, and upon application of such procedures, audit or otherwise, the Debtors believe that the financial information herein could be subject to changes, certain of which could be material.

The financial information contained herein is presented on a preliminary and unaudited basis and remains subject to future adjustments. The results of operations contained herein are not

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Epic Companies, LLC (1473), Epic Diving & Marine Services, LLC (2501), Epic Applied Technologies, LLC (5844), EPIC Specialty Services, LLC (8547), Epic Alabama Steel, LLC (6835), Epic San Francisco Shipyard, LLC (5763) and Zuma Rock Energy Services, LLC (1022). The address of the Debtors' headquarters is: 1080 Eldridge Parkway, Suite 1300, Houston, Texas 77077.

necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the combined results of operations and financial position of the Debtors in the future. There are various immaterial variances throughout the report mostly attributed to rounding.

#### **Notes to MOR-1**

[1] The Debtors have filed a motion to sell its accounts receivable assets (Docket No. 271), which is pending Court approval. A hearing on the motion has been scheduled for October 23, 2019. .

[2] The Debtors have paid certain pre-petition liabilities, as approved by the Court and described in the following motions: insurance obligations (Docket No. 6), taxes (Docket No. 7), adequate assurance payments to utility companies (Docket No. 8), and workforce obligations (Docket No. 9).

#### **Notes to MOR-2**

[1] PP&E asset values reflect consolidated book value estimates based on allocated acquisition purchase price amounts. The Debtors did not complete the valuation and audit necessary to finalize the purchase price accounting process.

[2] Intangible assets reflect goodwill related to the acquisition of Wright's Well Control Services.

#### **Notes to MOR-3**

[1] Balance as reflected Schedule E/F: Creditors Who Have Unsecured Claims (Nonpriority Unsecured Claims) for all Debtors.

#### **Notes to MOR-5**

[1] Aging for post-petition liabilities and accounts receivable is calculated based on due date.

[2] "Other" includes senior secured debt and related accrued interest, accrued professional fees, and other miscellaneous accrued expenses.

#### **Notes to MOR-6**

[1] Reflects wages paid to the Debtors' Chief Legal Officer (Kelton Tonn).

**Notes to MOR-7**

[1] All receipts and disbursement activity occurred and is reported by debtor Epic Companies, LLC.

[2] The Debtors maintain other bank accounts, which are no longer used for operations and as of the time of this report are in the process being closed. The combined balance for these accounts is \$365.00 as of both the Petition Date and September 30, 2019 and is not reflected in MOR-7.

**Notes to MOR-8**

[1] Operating, payroll, and tax cash transactions are performed in the Debtors' Bank of America bank account ending in 1571.

[2] The Debtors maintain other bank accounts, which are no longer used for operations and are in the process of being closed. The combined balance for these accounts is \$365.00 as of both the Petition Date and September 30, 2019, which is not reflected in the balances reported on MOR-8.

[3] The Bank of America account ending in 4205 is the lockbox account used for collections and miscellaneous refunds.

[4] The Capital One account ending in 1093 was previously used for collections, but will subsequently be closed as it is no longer utilized by the Debtors.

## UNITED STATES BANKRUPTCY COURT SOUTHERN AND WESTERN DISTRICTS OF TEXAS DIVISION

CASE NAME: In Re: EPIC Companies, LLC

Petition Date: 8/26/2019

CASE NUMBER: 19-34752

## MONTHLY OPERATING REPORT SUMMARY FOR AUGUST 26, 2019, TO SEPTEMBER 30, 2019

MONTH	MONTH (8/26-9/30)					
REVENUES (MOR-6)	\$ 102,367.94					
INCOME BEFORE INT, DEPREC./TAX (MOR-6)	\$ (933,541.29)					
NET INCOME (LOSS) (MOR-6)	\$ (2,167,353.61)					
PAYMENTS TO INSIDERS (MOR-9)	\$ 20,769.24					
PAYMENTS TO PROFESSIONALS (MOR-9)	\$ 226,606.51					
TOTAL DISBURSEMENTS (MOR-8)	\$ (2,027,107.34)					

\*\*\*The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee\*\*\*

CIRCLE ONE

Are all accounts receivable being collected within terms? **No (see notes to MOR-1 [1])**Are all post-petition liabilities, including taxes, being paid within terms? **Yes**Have any pre-petition liabilities been paid? **Yes (see notes to MOR-1 [2])**Are all funds received being deposited into DIP bank accounts? **Yes**Were any assets disposed of outside the normal course of business? **No**

If so, describe \_\_\_\_\_

Are all U. S. Trustee Quarterly Fee Payments current? **Yes**What is the status of your Plan of Reorganization? **N/A**

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

SIGNED \_\_\_\_\_

(ORIGINAL SIGNATURE)

MOR-1

TITLE Chief Restructuring OfficerREQUIRED INSURANCE  
MAINTAINED AS OF  
SIGNATURE DATEDATE:  
10/21/19

CASUALTY	YES(X) NO( )
LIABILITY	YES(X) NO( )
VEHICLE	YES(X) NO( )
WORKER'S	YES(X) NO( )
OTHER: Directors & Officers	YES(X) NO( )

ATTORNEY NAME: JOHN F. HIGGINS  
 FIRM: PORTER HEDGES LLP  
 ADDRESS: 1000 MAIN ST, 36TH FL, HOUSTON, TX 77002  
 TELEPHONE: (713) 226-6248

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34752

**COMPARATIVE BALANCE SHEETS**

ASSETS	FILING DATE*	MONTH (8/26-9/30)	MONTH	MONTH	MONTH	MONTH	MONTH
<b>CURRENT ASSETS</b>							
Cash	\$ 167,469.39	\$ 783,048.58					
Accounts Receivable, Net	\$ 18,417,604.52	\$ 17,973,950.96					
Inventory: Lower of Cost or Market							
Prepaid Expenses	\$ 1,831,707.18	\$ 2,196,384.87					
Investments							
Other	\$ 179,182.03	\$ 179,182.03					
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 20,595,963.12</b>	<b>\$ 21,132,566.44</b>					
PROPERTY, PLANT & EQUIPMENT @ COST [1]	\$ 226,319,807.42	\$ 226,319,807.42					
Less Accumulated Depreciation	\$ (106,337,007.50)	\$ (107,529,263.31)					
NET BOOK VALUE OF PP&E	\$ 119,982,799.91	\$ 118,790,544.10					
OTHER ASSETS:							
1.Tax Deposits	\$ -	\$ -					
2.Investments in Subs	\$ -	\$ -					
3 Other Intangibles or Intellectual Property Net of Amortization [2]	\$ 5,693,902.47	\$ 5,693,902.47					
4. (attach list)							
<b>TOTAL ASSETS</b>	<b>\$ 146,272,665.50</b>	<b>\$ 145,617,013.01</b>					

\*Per Schedules and Statement of Affairs

MOR-2

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34752

**COMPARATIVE BALANCE SHEETS**

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH (8/26-9/30)	MONTH	MONTH	MONTH	MONTH	MONTH
<b>LIABILITIES:</b>							
POST-PETITION LIABILITIES (MOR-4)	\$ -	\$ 2,764,852.97					
PRE-PETITION LIABILITIES:							
Notes Payable-Secured	\$ 115,635,762.97	\$ 115,635,762.97					
Priority Debt	\$ 10,500.00	\$ 10,500.00					
Federal Income Tax	\$ -	\$ -					
FICA/Withholding	\$ -	\$ -					
Unsecured Debt [1]	\$ 30,801,494.52	\$ 30,801,494.52					
Other							
<b>TOTAL PRE-PETITION LIABILITIES</b>	\$ 146,447,757.49	\$ 146,447,757.49					
<b>TOTAL LIABILITIES</b>	\$ 146,447,757.49	\$ 149,212,610.46					
<b>OWNERS'S EQUITY (DEFICIT):</b>							
PREFERRED STOCK		\$ -					
COMMON STOCK		\$ -					
ADDITIONAL PAID-IN CAPITAL		\$ -					
RETAINED EARNINGS: Filing Date	\$ (175,092.33)	\$ (175,092.33)					
RETAINED EARNINGS: Post Filing Date		\$ (3,420,505.12)					
<b>TOTAL OWNER'S EQUITY (NET WORTH)</b>	\$ (175,092.33)	\$ (3,595,597.45)					
<b>TOTAL LIABILITIES &amp; OWNER'S EQUITY</b>	\$ 146,272,665.16	\$ 145,617,013.01					

**MOR-3**\*Per Schedules and Statement of Affairs

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34752

**SCHEDULE OF POST-PETITION LIABILITIES**

	MONTH (8/26-9/30)	MONTH	MONTH	MONTH	MONTH	MONTH
<b><u>TRADE ACCOUNTS PAYABLE</u></b>						
<b>TAX PAYABLE:</b>						
Federal Payroll Taxes	\$ -					
State Payroll & Sales	\$ -					
Ad Valorem Taxes	\$ -					
Other Taxes	\$ -					
<b>TOTAL TAXES PAYABLE</b>	\$ -					
<b>SECURED DEBT POST-PETITION</b>	\$ 1,426,134.61					
<b>ACCRUED INTEREST PAYABLE</b>	\$ 41,556.51					
<b>*ACCRUED PROFESSIONAL FEES:</b>	\$ 1,351,698.56					
<b>OTHER ACCRUED LIABILITIES:</b>						
1. Miscellaneous	\$ (54,536.71)					
2.						
<b><u>TOTAL POST-PETITION LIABILITIES (MOR-3)</u></b>	<b>\$ 2,764,852.97</b>					

\* Payment Requires Court Approval.

MOR-4

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34752

**AGING OF POST-PETITION LIABILITIES****MONTH: SEPTEMBER (8/26-9/30)**

<b>DAYS<sup>[1]</sup></b>	<b>TOTAL</b>	<b>TRADE ACCTS</b>	<b>FED TAXES</b>	<b>STATE TAXES</b>	<b>AD-VALOREM, OTHER TAXES</b>	<b>OTHER<sup>[2]</sup></b>
<b>0-30</b>	\$ 2,764,852.97	\$ -	\$ -	\$ -	\$ -	\$ 2,764,852.97
<b>31-60</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>61-90</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>91 +</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	\$ 2,764,852.97	\$ -	\$ -	\$ -	\$ -	\$ 2,764,852.97

**AGING OF ACCOUNTS RECEIVABLE**

<b>MONTH</b>	<b>8/26-9/30</b>				
<b>0-30 DAYS</b>	\$ 2,029,089.80				
<b>31-60 DAYS</b>	\$ 7,927,082.35				
<b>61-90 DAYS</b>	\$ 4,339,403.98				
<b>91 + DAYS</b>	\$ 2,629,223.27				
<b>TOTAL</b>	\$ 16,924,799.40				

**MOR-5**

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34752

**STATEMENT OF INCOME (LOSS)**

MONTH	MONTH (8/26-9/30)						FILING TO DATE
REVENUES (MOR-1)	\$ 102,367.94						
TOTAL COST OF REVENUES	\$ -						
GROSS PROFIT	\$ 102,367.94						
OPERATING EXPENSES:							
Selling & Marketing	\$ -						
General & Administrative	\$ 777,646.97						
Insiders Compensation <sup>[1]</sup>	\$ 20,769.24						
Professional Fees	\$ 226,606.51						
Other (attach list)	\$ 10,886.51						
TOTAL OPERATING EXPENSES	\$ 1,035,909.23						
INCOME BEFORE INT, DEPR/TAX (MOR-1)	\$ (933,541.29)						
INTEREST EXPENSE	\$ 41,556.51						
DEPRECIATION	\$ 1,192,255.81						
OTHER (INCOME) EXPENSE*	\$ -						
OTHER ITEMS**	\$ -						
TOTAL INT, DEPR & OTHER ITEMS	\$ 1,233,812.32						
NET INCOME BEFORE TAXES	\$ (2,167,353.61)						
FEDERAL INCOME TAXES	\$ -						
NET INCOME (LOSS) (MOR-1)	\$ (2,167,353.61)						

Accrual Accounting Required, Otherwise Footnote With Explanation

\* Footnote Mandatory

\*\* Unusual and/or infrequent item(s) outside the ordinary course of business; requires footnote

MOR-6

**MOR-6 List Attachment**

OTHER OPERATING EXPENSES		
Receipt Date	Receipt Amount	Receipt Description
9/16/2019	\$ 4,189.11	Bank of America Account Analysis Fee
9/16/2019	\$ 761.58	Capital One Service Charge
9/17/2019	\$ 2,003.28	Capital One Service Charge
9/17/2019	\$ 3,932.54	Bank of America Account Analysis Fee
<b>Total</b>	<b>\$ 10,886.51</b>	

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34-752

<b>CASH RECEIPTS AND DISBURSEMENTS[1]</b>	<b>MONTH (8/26-9/30)</b>	<b>MONTH</b>	<b>MONTH</b>	<b>MONTH</b>	<b>MONTH</b>	<b>MONTH</b>	<b>SIX MONTHS TO DATE</b>
1. CASH - BEGINNING OF MONTH [2]	\$ 167,104.44						
<b>RECEIPTS:</b>							
2. CASH SALES	\$ -						
3. COLLECTION OF ACCOUNTS RECEIVABLE	\$ 590,031.50						
4. LOANS & ADVANCES (attach list)	\$ 2,001,424.43						
5. SALE OF ASSETS	\$ -						
6. OTHER (attach list)	\$ 27,916.90						
<b>TOTAL RECEIPTS</b>	\$ 2,619,372.83						
(Withdrawal) Contribution by Individual Debtor MFR-2*	\$ -						
<b>DISBURSEMENTS:</b>							
7. NET PAYROLL	\$ (233,176.59)						
8. PAYROLL TAXES PAID	\$ (75,116.54)						
9. SALES, USE & OTHER TAXES PAID	\$ -						
10. SECURED / RENTAL / LEASES	\$ (100,547.91)						
11. UTILITIES	\$ (2,866.89)						
12. INSURANCE	\$ (680,955.88)						
13. INVENTORY PURCHASES	\$ -						
14. VEHICLE EXPENSES	\$ -						
15. TRAVEL & ENTERTAINMENT	\$ -						
16. REPAIRS, MAINTENANCE & SUPPLIES	\$ -						
17. ADMINISTRATIVE & SELLING	\$ -						
18. OTHER (attach list)	\$ (684,523.32)						
<b>TOTAL DISBURSEMENTS FROM OPERATIONS</b>	\$ (1,777,187.13)						
19. PROFESSIONAL FEES	\$ (226,606.51)						
20. U.S. TRUSTEE FEES	\$ -						
21. OTHER REORGANIZATION EXPENSES (attach list)	\$ -						
<b>TOTAL DISBURSEMENTS</b>	\$ (2,003,793.64)						
<b>22. NET CASH FLOW</b>	\$ 615,579.19						
<b>23. CASH - END OF MONTH (MOR-2)</b>	\$ 782,683.63						

MOR-7

\*Applies to Individual debtor's only

**MOR-7 List Attachments**

LOANS & ADVANCES		
Receipt Date	Receipt Amount	Receipt Description
8/28/2019	\$ 1,540,824.43	DIP Loan Draw
9/18/2019	\$ 460,600.00	DIP Loan Draw
<b>Total</b>	<b>\$ 2,001,424.43</b>	
OTHER (RECEIPTS)		
Receipt Date	Receipt Amount	Receipt Description
9/17/2019	\$ 41.21	Kim Pope P-Card PMT
9/17/2019	\$ 50.00	Christopher Daigle P-Card PMT
9/17/2019	\$ 183.30	US Treasury 941 Refund - Tetra
9/17/2019	\$ 500.00	Lafayette Parish DA Settlement
9/17/2019	\$ 691.20	Lafayette Parish DA Settlement
9/17/2019	\$ 703.52	US Treasury 941 Refund - EDS
9/17/2019	\$ 4,208.50	Great American Finance Refund
9/17/2019	\$ 17,689.17	Texas Mutual Working Capital Refund
9/27/2019	\$ 3,850.00	BoA-Capital One Bank Transfer
<b>Total</b>	<b>\$ 27,916.90</b>	
OTHER (DISBURSEMENTS)		
Disbursement Date	Disbursement Amount	Receipt Description
8/30/2019 - 9/27/2019	\$ (73,304.92)	Contractor Payments
9/4/2019	\$ (4,189.11)	BoA Account Analysis Fee
9/6/2019	\$ (504,124.50)	White Oak DIP Sweep
9/13/2019	\$ (19,512.07)	Softchoice Payment
9/16/2019	\$ (761.58)	Account Service Charge
9/17/2019	\$ (71,165.32)	White Oak DIP Sweep
9/17/2019	\$ (2,003.28)	Capital One Account Fee
9/17/2019	\$ (3,932.54)	BoA Account Analysis Fee
9/20/2019	\$ (1,680.00)	Softchoice Payment
9/27/2019	\$ (3,850.00)	BoA-Capital One Bank Transfer
<b>Total</b>	<b>\$ (684,523.32)</b>	

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34752

CASH ACCOUNT RECONCILIATION  
MONTH OF 8/26-9/30

BANK NAME	Bank of America <sup>[1]</sup>	N/A	N/A	Bank of America <sup>[1]</sup>	Capital One <sup>[4]</sup>	
ACCOUNT NUMBER	#002419801571			#488061534205	#00004670141093	
<u>ACCOUNT TYPE</u>	<u>OPERATING</u>	<u>PAYROLL</u>	<u>TAX</u>	<u>OTHER FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u> <sup>[2]</sup>
BANK BALANCE	\$ 650,746.85	-	-	\$ 131,936.78	\$ -	\$ 782,683.63
DEPOSIT IN TRANSIT	\$ -	-	-	\$ -	\$ -	\$ -
OUTSTANDING CHECKS	\$ -	-	-	\$ -	\$ -	\$ -
ADJUSTED BANK BALANCE	\$ 650,746.85	-	-	\$ 131,936.78	\$ -	\$ 782,683.63
BEGINNING CASH - PER BOOKS	\$ 92,075.38	-	-	\$ 75,029.06	\$ -	\$ 167,104.44
RECEIPTS	\$ 2,001,605.76	-	-	\$ 65,029.37	\$ 576,051.40	\$ 2,642,686.53
TRANSFERS BETWEEN ACCOUNTS	\$ (5,853.28)	-	-	\$ -	\$ 5,853.28	\$ -
(WITHDRAWAL)CONTRIBUTION- BY INDIVIDUAL DEBTOR MFR-2	\$ -	-	-	\$ -	\$ -	\$ -
CHECKS/OTHER DISBURSEMENTS	\$ (1,437,081.01)	-	-	\$ (8,121.65)	\$ (581,904.68)	\$ (2,027,107.34)
ENDING CASH - PER BOOKS	\$ 650,746.85	-	-	\$ 131,936.78	\$ -	\$ 782,683.63

MOR-8

CASE NAME: In Re: EPIC Companies, LLC

CASE NUMBER: 19-34752

**PAYMENTS TO INSIDERS AND PROFESSIONALS**

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U. S. Bankruptcy Code) and the professionals. Also, for insiders identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary.)

INSIDERS: NAME/POSITION/COMP TYPE	MONTH (8/26-9/30)	MONTH	MONTH	MONTH	MONTH	MONTH
1. Kelton Tonn / Chief Legal Officer / Gross Salary	\$ 20,769.24					
2.						
3.						
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)	\$ 20,769.24					
PROFESSIONALS NAME/ORDER DATE	MONTH (8/26-9/30)	MONTH	MONTH	MONTH	MONTH	MONTH
1. S3 Advisors, LLC (G2 Capital Advisors, LLC)	\$ 226,606.51					
2.						
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	\$ 226,606.51					

MOR-9